



Submission

**Salaries and Allowances
Tribunal**

**Remuneration Inquiry:
Local Government Chief
Executive Officers and
Elected Members**

January 2022

About WALGA

The Western Australian Local Government Association (WALGA or 'the Association') is the peak organisation for Local Government in Western Australia. The Association is an independent, membership-based group representing and supporting the work and interests of 137 mainland Local Governments in Western Australia, plus the Indian Ocean Territories of Christmas Island and Cocos (Keeling) Islands.

The Association provides an essential voice for 1,215 Elected Members, approximately 22,600 Local Government employees, and the 2.6 million constituents that they serve and represent. The Association also provides professional advice and offers services that provide financial benefits to Local Governments.

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Background

WALGA and the Local Government sector appreciate the opportunity to make a submission to inform the Salaries and Allowances Tribunal's (SAT) Inquiry into Local Government Chief Executive Officer and Elected Member Remuneration.

The remuneration framework is respected and supported by the Local Government sector and provides assurance to the community that Elected Members and Chief Executive Officers are being remunerated appropriately in accordance with their skills, expertise, and contribution. As the Tribunal would be aware, the current framework came about through WALGA's sector-led advocacy to have the SAT determine Elected Member remuneration.

While the remuneration framework is well supported overall, WALGA contends there is room for improvement in relation to key issues. Firstly, Local Government Elected Members, who have only received one minor remuneration increase over five years, should be recognised for the challenges and commitment inherent in the role with a broad increase in fees and allowances. Secondly, the Regional/Isolation Allowance available to Councils to attract and retain Chief Executive Officers should recognise the significant isolation of some Local Governments with an increase in the maximum payable allowance. In addition, to enhance understanding of the Regional/Isolation Allowance in the Local Government sector, the methodology, criteria, and weightings should be made available. These issues will be explored and expanded upon in this submission.

Elected Member Fees and Allowances

WALGA would like to reinforce the importance and challenges of the role of Elected Member in Local Government, and to reiterate the need for Elected Members to be appropriately remunerated for the time and commitment they bring to their decision-making and community leadership responsibilities.

WALGA contends that it is time for the fees and allowances payable to Elected Members to be broadly increased. Elected Member remuneration has only increased by one percent during the past five years (including 2021-22). In the four years to June 2021, the consumer price index for Perth has increased by 7.14 percent and the public sector wage price index has risen by 4.68 percent. As per the table below, Elected Member remuneration has not kept pace with the broader economic context nor with public sector remuneration.¹

Year	Elected Member Fees and Allowances	CPI – Perth (June)	WPI – WA Public (June)
2017-18	0.0%	1.1%	1.3%
2018-19	0.0%	1.6%	1.3%
2019-20	1.0%	0.1%	1.1%
2020-21	0.0%	4.2%	0.9%
Four-year change (compounding)	1.00%	7.14%	4.68%

Furthermore, Elected Member remuneration was not increased in the SAT's 2021 Determination meaning that any rise in prices will see Elected Members' real remuneration further eroded during the 2021-22 financial year.

On this basis, given the growing disparity between Elected Member remuneration and the relevant indices discussed above, Elected Members ought to receive a general increase in their remuneration for their governance responsibilities and their service to the community. Increases should also be applied to reimbursable expenses, such as child minding, travel, and ICT, to ensure that the current rates reflect current costs.

¹ Australian Bureau of Statistics. *Wage Price Index, Australia, September 2021*. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release>; Australian Bureau of Statistics. *Consumer Price Index, Australia, September 2021*. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>; Salaries and Allowances Tribunal. 2021. *Local Government Chief Executive Officers and Elected Members Determinations (2021, 2020, 2019, 2018, 2017)*. Available from: <https://www.wa.gov.au/government/document-collections/local-government-chief-executive-officers-and-elected-members-previous-determinations>

Responsibilities and Commitment of Elected Members

Local Government is a key pillar of Australian democracy and Australian government, and responsibilities of Elected Members have been increasing over many years. Serving on Council means that many Elected Members are sacrificing opportunities for paid work or time with or caring for loved ones. In an age of ubiquitous social media and expectations of around-the-clock access, combined with increasingly complex decision-making responsibilities, Local Government Elected Members dedicate many hours to their role serving on Council.

Responsibilities of Elected Members are likely to further increase in the future. The Minister for Local Government has proposed a broad reduction in the number of Elected Member positions on Councils, as part of a recently announced reform package.² This will mean that the community liaison, representation, and leadership responsibilities will be borne by fewer Elected Members.

Beyond the responsibilities of the role, Elected Members are legally required to undertake professional development training. Specifically, Elected Members are required, within 12 months of their election, to undertake five modules of compulsory training. WALGA's Council Member Essentials program incorporates five full days of training which does not include the assessment requirements. While professional development to improve the skills and knowledge of Elected Members is broadly supported, the time and commitment to professional development should be recognised through the fees and allowances framework.

Data from the 2021 Local Government elections suggests that there may be mismatch between the responsibilities and commitment required to serve on Council and the fees and allowances payable to Elected Members. At the 2021 Local Government elections there were 640 positions up for election. Close to one quarter (24.5%) of these positions were filled by candidates unopposed without the opportunity for electors to vote for their community representatives. A further 24 positions were not filled and required extraordinary elections to be held to fill the vacancies. It is WALGA's view that the remuneration framework should aim to facilitate competitive elections to enhance democracy and Council legitimacy in the eyes of the community.

Diversity of Representation

It is WALGA's view that the overall Local Government system, including the remuneration framework, should strive to enhance the diversity of representation on Councils to reflect community demography. As community representatives, it is important that the Council comprises members from a range of backgrounds and life experiences. The legitimacy of

² Department of Local Government, Sport and Cultural Industries. 2020. *Local government reforms announced*. <https://www.dlgsc.wa.gov.au/department/news/news-article/2021/11/10/local-government-reforms-announced>

Council decisions from the perspective of community members is enhanced if the Council comprises ‘*people like me*’ who ‘*share my concerns*’.

Despite campaigns by WALGA and the Department of Local Government, Sport and Cultural Industries, there is still more to be done to foster diversity of representation on Councils. Following the 2021 Local Government elections, approximately 41 percent of the overall Elected Member cohort in WA is female, and a little over one third (37 percent) of Mayors and Presidents are female.

In addition, it is well established in the corporate governance and decision-making literature that diverse groups tend to make better decisions.³ To facilitate diversity on Councils, reflecting the communities Councils represent, the remuneration framework must ensure that serving on Council is not financially prohibitive to a broad range of prospective community leaders.

Recommendations

- 1. That Elected Member Fees and Allowances (including maximum reimbursable expenses) are increased by up to four percent.**

³ McKinsey and Company. 2015. *Diversity Matters*: <https://www.mckinsey.com/~media/mckinsey/business%20functions/organization/our%20insights/why%20diversity%20matters/diversity%20matters.ashx> and Rock, D. and Grant, H. 2019. *Why Diverse Teams are Smarter*. Harvard Business Review. <https://hbr.org/2016/11/why-diverse-teams-are-smarter>.

Chief Executive Officer Remuneration

A key issue with the Chief Executive Officer remuneration framework, raised consistently by several WALGA members, relates to the Regional/Isolation Allowance. This issue has been raised with WALGA by Local Governments in the Goldfields-Esperance, Murchison, and Gascoyne regions, and has been discussed by the WALGA State Council at a strategic forum meeting.

There is a strong view, particularly among WALGA's more remote and isolated members, that the Regional/Isolation Allowance is insufficient to attract and retain suitably qualified and experienced Chief Executive Officers. In addition, there is a lack of clarity concerning how the Regional/Isolation Allowance is determined.

Particularly remote and isolated Local Governments are seeking greater flexibility with the upper limit of the Regional/Isolation Allowance to aid attraction and retention of Chief Executive Officers. It is contended by many of WALGA's members that "isolation" and "remoteness" is insufficiently recognised through the determinative process in the setting of the maximum Regional/Isolation Allowance. There are examples of Local Governments that are particularly remote, are long distances from regional centres, have very limited, if any, passenger air services, and have limited amenity from the perspective of prospective CEO candidates, that have had ongoing difficulties attracting and retaining suitable Chief Executive Officer candidates.

This cohort of Local Governments is seeking greater flexibility through the Regional/Isolation Allowance to attract, retain and negotiate with their Chief Executive Officer or prospective candidates, recognising the challenges for professionals living in distant, isolated places with low amenity.

Beyond greater recognition of isolation, limited access to major population centres and low amenity, the Local Government sector is seeking greater clarity about how the Regional/Isolation Allowance is determined in terms of the criteria and their relative weightings. It is noted that the Tribunal considered the issue of regional isolation allowances in [2011](#)⁴ and [2012](#)⁵, however there has been no further review.

⁴ Salaries and Allowances Tribunal. 2011. *Report Under Section 7A of the Salaries and Allowances Act 1975: Local Government Chief Executive Officers*. <https://www.wa.gov.au/system/files/2019-11/Local%20Government%20Chief%20Executive%20Officers%20Report%20No%20of%202011.pdf>

⁵ Salaries and Allowances Tribunal. 2012. *Determination Under Section 7A of the Salaries and Allowances Act 1975: Local Government Chief Executive Officers*. <https://www.wa.gov.au/system/files/2019-11/Local%20Government%20Chief%20Executive%20Officers%20Determination%20No%20of%202012.pdf>

Recommendations

2. That the maximum payable Regional/Isolation Allowance be increased for Local Governments that are particularly isolated, long distances from population centres with low amenity.
3. That the Salaries and Allowances Tribunal update and publish the methodology, criteria, and weightings for the Regional/Isolation Allowance.